Depository services charged from investors

2691. SHRI BHAGATRAM MANHAR: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the amount being charged by various Depository Services (DPs) under the National Securities Depository Limited (NSDL) from investors for holding their portfolios in Demat Form (DF);

(b) how many times during the last three years, the charges by DPs have been increased, with the details of increased charges and reasons for increase; and

(c) whether small investors and Government bodies like SEBI and RBI were consulted for increasing the charges of DPs and if not, whether Government would probe the matter and ask the DPs to maintain *status quo* and if not, the reasons therefor?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) The National Securities Depository Limited (NSDL) follows a two-tier fee structure *i.e.* NSDL levies fees on its Depository Participants (DPs), while DPs charge their clients. NSDL's charges are uniform across all DPs. The DPs are free to levy their own tariff structure based on the services provided by them. The major fee that is charged by DPs from their investors is in the form of Annual Account Maintenance Charges, which ranges anywhere from Rs. 200/- to Rs. 600/- per annum.

(b) The tariff charges by the depositories is a commercial issue. The DPs are free to levy their own tariff structure or effect changes in the tariff structure with a 30 days notice period to their clients. The Securities and Exchange Board of India (SEBI) and the NSDL do not keep the data of tariff charged by the DPs as they are not required to report to them.

(c) The fee structure of DPs is a commercial issue between them and their clients. However, as per the agreement signed with their clients, a minimum of 30 days' notice is required to be given by the DPs to their clients whenever the fee structure is revised. At any point of time, an investor can shift from one DP to another, in case the investor so desires.